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**CULTURAL CHALLENGES OF THE GERMAN MARKET WHEN OPERATING A
PLATFORM FOR DONATION-BASED CROWDFUNDING**

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Cultural challenges of the German market when operating a platform for donation-based crowdfunding

Abstract

This work project investigates German habits and culture to understand the current challenges for donation-based crowdfunding platforms on the example of the French-based company Leetchi, which operates in the German market. The methodology used comprises customer surveys, customer analysis and secondary research. The preference for cash payments, mistrust in the branch, the gap in customer education and the protective behavior of personal data lead to obstacles for the FinTech branch. Therefore, a company's strategy and practices have to be adjusted in a way to match Germans habits and expectations. Coupled with an increase in customer education and a focus on personal data, a platform can gain competitive advantages in the long-term.

Keywords: Donation-Based Crowdfunding; German culture; Leetchi

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Alternative investment methods became more popular after the financial crisis of 2008/09 when consumers lost trust in traditional banking tools and private persons, organizations and small enterprises faced struggles to access credit (De Buysere et al., 2012). As part of the Financial Technology (FinTech)-Revolution, the market volume of donation-based crowdfunding has increased sharply and taken on a bigger role as a method of private funding. While UK and France are among European pioneers in this segment and people use the innovation for private purposes or to support others, Germany is ranked behind, in third place, according to the Sustaining Momentum of the Cambridge Centre for Alternative Finance (Zhang, 2016). The main goal of this work project is to identify possible challenges in the current German market for donation-based crowdfunding platforms in the context of the German culture and habits. Therefore, the objectives of research are to investigate characteristics and habits of the German culture. The work project aims to zoom into payment patterns, mistrust in the branch, the lack of customer understanding as well as the boundaries of online platforms and the relation of personal information by means of studies and observations. The paper elaborates approaches to overcome possible issues by adopting customer characteristics and needs and enhancing customer education. As a practical illustration, Leetchi, a French donation-based fundraising platform will be introduced for the review of business practices, when it expands to the German market. Therefore, comparisons between France and Germany underpin examples.

While reward and investment based crowdfunding start to get more attention in the literature, academic research about donation-based crowdfunding is still limited and rather examine the user's behavior on platforms than the companies' perspective. Conversely, the literature for evaluation and research of country cultures is well established and reviewed. Among others, Hofstede's cultural dimension is a widely accepted management tool to get a deeper understanding of differences and characteristics in a nation's culture.

The work project is structured as follows. The next section sets out the literature review on crowdfunding and Hofstede's cultural dimensions, followed by the methodology used. The findings section includes the applied analysis of Hofstede's cultural dimension for Germany within the identification of challenges for donation-based crowdfunding platforms when operating in Germany. The chapter is divided into three parts: skepticism about new financial technologies, lack of customer education and constraints and the relation of personal information. Later, possible approaches to overcome challenges are suggested. The final section summarizes important conclusions.

Literature Review

The present literature review is divided into two parts; first the review on crowdfunding, especially donation-based crowdfunding and second the review of Hofstede's cultural dimensions.

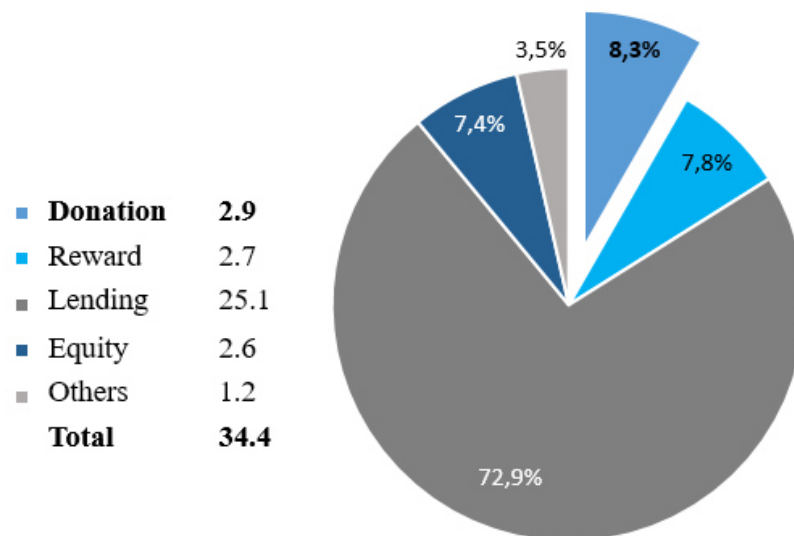
“Generally, the term “**Crowdfunding**” is used to describe a form of capital raising whereby groups of people pool money, typically comprised of very small individual contributions, to support an effort by others to accomplish a specific goal” (U.S. Securities and Exchange Commission, 2011).

When talking about Crowdfunding, we can distinguish between different models (Griffin, 2013 and AltFi, 2016): **(1) The donation model/ Private Crowdfunding:** donors will not receive any award for their contribution. The model is often used for charity and for private causes. Companies such as Leetchi, JustGiving and GoFundMe offer a platform for donation-based crowdfunding **(2) The Reward-based Model:** contributors will gain a non-financial reward when contributing money to the crowdfunding such as a personal acknowledgment. This is especially attractive for artistic projects (e.g. names of contributors are mentioned at a film's end). Kickstarter and Indiegogo focus on this market segment. **(3) The Lending-Model:** Contributors lend money to a company, particularly startups, which

will be returned after a determined period with or without an interest fee, which is especially interesting for so-called “Business Angels”. Funding Circle and Zopa are leading platforms for the Lending-Model-Crowdfunding. **(4) The Equity-Model:** Contributors gain part of the business and therefore receive a percentage of the profit. Platforms include wdcube and Seedrs.

While the first model is donation-based and preferably used by social entrepreneurs, charity organizations, associations and private persons, the later models are awards- and investment-based and mainly used by artistic projects and enterprises, especially Start-ups. Further research in this field is pertinent regarding the sharp growth of the industry. The total funding volume increased more than tenfold in the last past years. In 2012 it comprised \$2.7bn, while in 2015 it already reached \$34.4bn (Crowdexpert, 2016).

Graph 1: Total Funding Volume of crowdfunding models in 2015 in billion US-Dollar, Source: crowdexpert



The current work project aims to investigate in the field of donation-based crowdfunding, which is the second largest model after lending-crowdfunding with \$2.9bn funding volume [see **Graph 1**]. According to Zack Miller (The balance, 2016), early forms of donation-based crowdfunding can be found when microfinancing started: people or organizations help to fund people/ entrepreneurs in need. The main idea is to empower others

because of goodwill and social conscience, without expecting a return. Charity associations were one of the first organizations who based a large part of their funding on donations.

Donation-based platforms provide users the possibility to create and publish crowdfunding projects. The creation of a money pot is usually free and platforms take a fee for the pay-out of donations. Further, some platforms offer services such as advice and support in the creation process and personal contact during the crowdfunding process. By using a crowdfunding platform, users are enabled to increase their outreach. Consequently, a crowdfunding campaign is successful when organizers collect the required amount of money from many people (“the crowd”). However, due to none-offered personal benefits for contributors, the goodwill and convincement of the contributor are essential and the mission of the organizer is to “pitch” the crowdfunding project. It is the risk of the contributor to donate into fraudulent fundraising activities (De Buysere et al., 2012).

As mentioned before, literature on donation-based crowdfunding is still embryonic and academic investigation on the companies view on the German market is limited. For this reason, a separate tool for analyzing the characteristics of a culture is needed in order to determine cultural barriers.

Hofstede’s cultural dimension theory (Hofstede, 2011) is one of the most well-known frameworks to analyze, evaluate and compare the cultural behavior of a country. The framework consists of six dimensions namely Power Distance, Individualism/Collectivism, Masculinity/Femininity, Uncertain Avoidance, Long-Term/Short-Term Orientation, Indulgence/ Restraint. **Power Distance** describes the extent of acceptance of less powerful members in a society and expresses the degree of quality between more powerful and less powerful parties. **Individualism/Collectivism** explains how much people are integrated into groups and therefore which needs are prioritized: individual/personal needs or needs of a group. When individualism is stronger, people tend to associate self-actualization with a high

importance, while in collectivism people tend to protect their cohesive group in the first place. **Masculinity/Femininity** explains male and female behaviors. When Masculinity dominates, the values of a country are rather competitive and assertive and men are somewhat superior to women, while Femininity expresses modest and caring values. The level of **Uncertainty Avoidance** expresses how people in a country deal with uncertainty. A low uncertainty avoidance represents flexibility and adaptability, while countries with high uncertainty avoidance prevent risks and prefer a structured system. **Long-Term/Short-Term Orientation** describes the time perspective of a nation. Short-term orientated people are present orientated while long-term orientated people want to be prepared for the future due to past learnings. The final dimension **Indulgence/ Restraint** examines how much a society allows gratification versus the control of gratification.

The cultural dimensions will be used to gain a deeper understanding of German society and culture within the work project. To enable the comparison with other countries, the dimensions are scored on a 0 – 100 point scale and will be compared with France [**Appendix 2**] (Sources: Hofstede et. Al., 2010 and Hofstede, 2011).

As a model, which received worldwide recognition and has been often quoted in academic papers, Hofstede's cultural dimensions also received criticism which needs to be considered when interpreting the results of the model. The main critique is the fact that the initial theory is based on a study which surveyed worldwide employees of IBM. Therefore, the companies culture might have impacted the answers of the sample. Further, research results are influenced by the western way of thinking of the author Geert Hofstede and can be less suitable for evaluating Asian countries (Schmid, 1996). Further, cultures are cross-national and one country can contain several cultures due to its history, for example, Canada and Yugoslavia (Bloom, Maier, 2002).

Selection of context and unit of analysis

Germany is one of the strongest economies in the world and has with Berlin one of the “Start-Up-Capitals” in Europe. Nonetheless, it is less advanced in Crowdfunding Technologies than France and United Kingdom, even though the market segment is attractive due to its strong growth. Many Germans have difficulties to understand the modern technology, especially donation-based crowdfunding. Further, even though many Germans enjoy financial stability, the country is only ranked on place 20 in an international comparison for donations (Charities Aid Foundation, 2016). Coupled with the fact that Germans have a strong cash preference and are more sensitive about personal data, it shapes an interesting ground for academic investigations in a field where not much research has been done yet.

As a donation-based crowdfunding platform which is operating in Germany and France, Leetchi SA has been chosen for providing practical illustrations for the purpose of this work project. The French company faced several challenges since it entered the German market in 2012 and had to adapt more than for its other core markets United Kingdom and Spain. Therefore, its experiences highlight many issues which can be confirmed by secondary research.

Founded in 2009 by Céline Lazorthes the Leetchi headquarter is based in Paris. The company consists of the private crowdfunding platform “Leetchi¹”, as well as the integrated payment solution “Mangopay”, which possesses a European banking license. In 2015 the company was bought by the French banking group Crédit Mutuel Arkéa, which holds 86% of shares. Nowadays the company has more than 70 employees and over 7 million users. The website is available in 150 countries and in four languages. Especially four geographic markets are strategically targeted: France, Germany, United Kingdom and Spain. The German market was entered in 2012, yet Leetchi is not as known in Germany as in France.

¹ www.leetchi.com/en

Leetchi is a donation-based crowdfunding platform, which offers users to create a private fundraising. An example of a lookalike can be found in **Appendix 5**. The website focused on simplicity: it is possible to open a money pool within a few minutes. Users create an account by entering several personal data. Afterwards one can individualize its money pot by adding a description, pictures/graphics/videos and updates.

In France, the most popular occasions for money pools are Birthdays (56%), Farewell (14%) and Solidarity (5%), while in Germany it is almost reversing: Solidarity (34%), Projects (18%) and Birthdays (15%) [**Appendix 4**]. Depending on the preference of the customer, the pot can be set into private or public, latter means that the pool can be found on the Leetchi-Page [**Appendix 6**] and by search engines. The revenue model of the company is simple: collected money can be paid out by bank transfer or by a voucher of a partner shop (e.g. Amazon). For money transfer of less than 2000€ the company takes 4% of the collected money, for payouts of above 2.000€ 2.9% are charged (Leetchi, 2017). When a payout to a partner shop is requested, a fee of 10% will be paid by the partner shop. Further information about Leetchi can be found in **Appendix 3-6**.

Primary and Secondary Research

For the purpose of the work project, both primary and secondary research were conducted. The primary research consists of qualitative and quantitative elements. To create a representative work project, the author integrated several insights of the company Leetchi. A one-on-one in-depth interview was conducted with Leetchi's country manager of Germany, Anastasia Heilmann. Further, interviews with the General Manager, Customer Relationship Manager, the Customer Service and the Financial Department have been held. To gain a deeper understanding of the characteristics of German customers, a 45-days analysis (8/03 – 21/04/17) of all customer inquiries has been conducted by the author and the Customer Service Department. 644 (German) and 1987 (French) inquiries, respectively to the market size of Leetchi in both countries, have been analyzed and sorted into categories [see **Table 1**]

to examine inquiries and its nature. Results can be seen in **Graph 2**, which will be elaborated in the chapter “Lack of customer education and constraints”.

Privacy	All questions regarding privacy and private data including deletion of accounts, visibility of money pots, request of using a pseudonym (2.8%)
Payment	All questions/issues regarding payments: Pay-In in the money pot as well as Pay-Out. Inquiries including questions about fees, vouchers, gifts, payment methods, refund of donations, etc.
Technical Issues	Questions regarding technical issues such as changing e-mail address and password, log-in, language settings, etc.
Clarification	Questions regarding crowdfunding and Leetchi in general which conclude a gap in understanding the technology in general, such as: what is crowdfunding, what is Leetchi, what users have to do, why no one contributed into one's money pot, etc.
Process	Process questions refer to questions of processing with the money pot, website, etc. For example, how to change the description of the money pot, how to do a payout, how to invite friends for contribution, how to share the money pot in social media, etc.
Others	Questions which cannot be classified in above-mentioned categories such as spam, wrong-addressed e-mails, business requests, etc.

Table 1: Customer inquiries sorted by topics. Source: owned, conducted at Leetchi SA

Further, investigations for the reasons of uncredited money pots have been done through a survey where customer had to complete the sentence “My money pot does not have any contributions because...” with one of eleven answer options. The survey has been sent to 37,091 users, who have an uncredited money pot since at least one year. Out of these, 239 persons have participated in the survey, which provides valuable insights into the reasons behind unused money pots. Results can be found in **Graph 3** (cf. chapter “Lack of customer education and constraints”). Further information about the company Leetchi has been gained through internal systems, social media and observations.

Additionally, secondary research has been used which includes statistics, studies, surveys, books, articles, papers, and news, which are listed in the references.

Findings

Challenges in the German market for private crowdfunding companies

Skepticism about new Financial Technologies

Germans relation to money is exceptional and characterized by the country's history. In 1923 the German currency lost its value when the Weimar hyperinflation reached its peak and

prices rose a trillion-fold. Some years later the value of the currency dropped again when money has been printed en masse for financing the World War II. After the war, the German economic has been in a desolated condition and the currency lost value again. As a consequent, a currency reform was introduced in 1948, whereby private individuals lost 90% of their savings. Not only currency depreciation but also the financial crises in 2008/2009 affected Germans payment behavior, when many people lost trust in banks. Considering this, many people prefer to hold their money in cash and cash deposits instead of risky assets. Thus, roughly 80% of transactions of individuals are done in cash (Quartz, 2014). This leads to the fact that Germany is one of the leading countries of using cash, while other European switched to cashless payment methods, for instance, France, which only pays 7% of transactions in cash and 51% by credit or debit card (Knowglobal, 2016). After Cash, Giropay (15.3%) and Creditcard (1.3%) are used for most transactions (Deutsche Bundesbank, 2014). A reason for Germans preference is that paying by cash helps to monitor expenditures and avoid debts. The German word for debts is “Schulden”, which is a modification of the word “Schuld”- the word for fault (Quartz, 2014). This implies that getting into debt is one’s fault which can be prevented by effort. Therefore, Germans can be condemning when observing other people begging for money. This is in line with Hofstede’s (2010; 2011) analyze of Germans high **long-term orientation** with a score of 83 (comparison to France: 63), the dimension underlines the pragmatism of the country: Learning from the past helps to adapt the present and to prepare for the future. Part of the German attitude is therefore that success is a consequence of good preparation and failure is a result of the lack of effort.

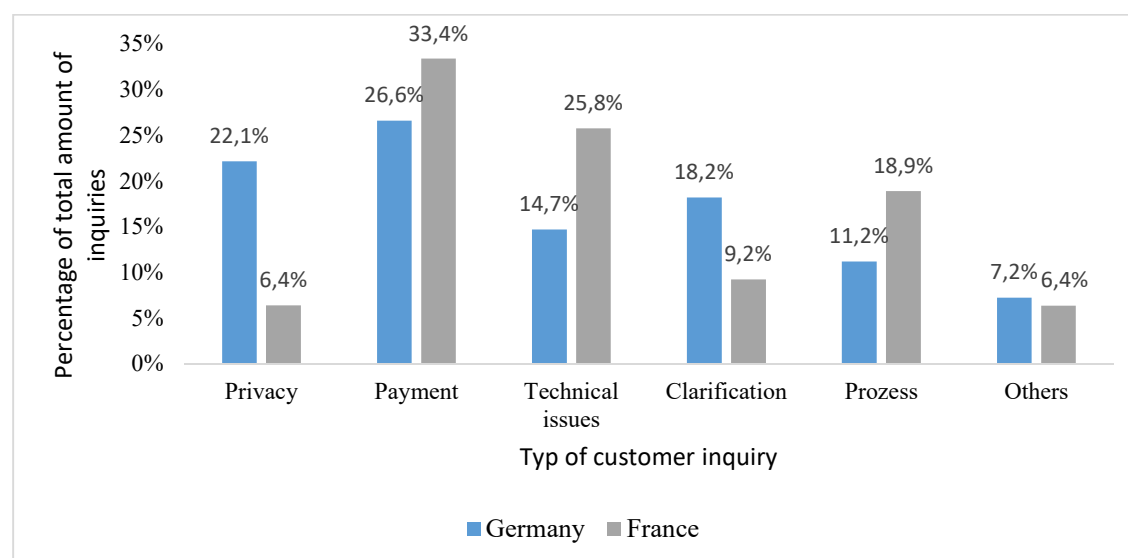
Besides the specific consumer behavior, crowdfunding platforms face mistrust for their branch. The FinTech industry is overall young and inexperienced, which makes it difficult to be observed superior to traditional banks. An explanation for his attitude can be the low level of **Power Distance** of 35 (comparison to France 68), which is due to Germany’s

strong middle class. Therefore, power is expected to be distributed equally. To be perceived as more powerful, Germans share the attitude that people/ companies need to prove themselves with knowledge and expertise. Consequently, it is essential for companies to be experts in their field, especially when they want to replace conventional methods such as lending. Further, one of the most well-known governmental institution, The Federal Financial Supervisory Authority of Germany (BaFin, 2016), is warning users of the risks of crowdfunding platforms. Since the branch is not regulated by the state, it is the duty of the user to examine the project they want to invest/ donate money in. The lack of supervision is called “gray capital market”. Not every company which is offering financial services in Germany needs the approval of BaFin, which supervises financial enterprises, like banks, asset managers, and insurance companies. In sum, due to historic events and since a large part of the industry is not regulated, skepticism towards crowdfunding platforms are reinforced.

Lack of customer education and constraints

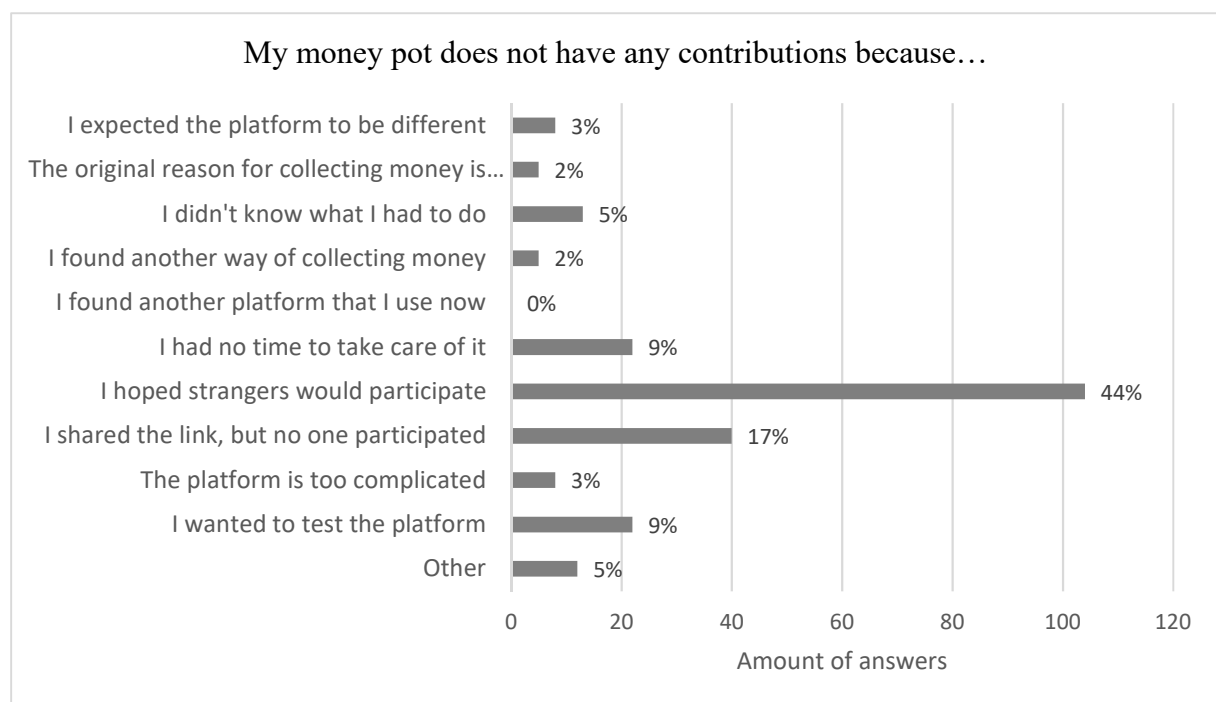
Besides challenges with mistrust, the branch also faces a lack of customer education. Only 25% of interviewees of a recent study stated to understand exactly what Crowdfunding is (CrowdfundingHub, 2016). The results correspond to the investigation of inquiries of Leetchi-customers, which are presented in the following Graph (**Graph 2**).

Graph 2: Customer inquiries sorted by topics, Source: owned, conducted at Leetchi SA



18.2% of the questions of Germans customers compared to 9.2% of French customer questions are for clarifying the understanding of crowdfunding and the website, which reflects the incidence that Germans have issues to understand the concept of crowdfunding. Especially the involvement of the crowd is often misunderstood by users. The crowd should be mainly comprised by the acquaintances of the organizer, such as family members, friends and other contacts as well as the usage of social media. However, this essential inclusion is often unnoticed by participants. Additionally, a survey conducted with the help of Leetchi's Customer Relationship Management has gained 239 answers from users to understand unsuccessful money pots. The results can be explanatory for the behavior of many customers.

Graph 3: Reasons for uncredited pools, Source: owned, conducted at Leetchi SA



As shown in **Graph 3**, around 44% of unsuccessful money-pot-users mistakenly believed that strangers will donate to their crowdfunding, which also can explain why only 10% of the created money pots by German Leetchi customers are credited, compared to 50% of credited money pots in France [**Appendix 3**]

Another interesting fact is the usage of Leetchi. While in France, users create a pool mainly for private reasons such as birthdays and farewell parties (70%), in Germany people create

pools mainly for society purposes such as solidarity and voluntary projects (52%) [**Appendix 4**]. According to the country manager of Leetchi Germany, the idea of using a crowdfunding for private reasons is not understood by many Germans since they are not willed to pay fees for a service which can be done manually by their own. On the contrary to France: users appreciate the service, which includes an overview of the pay-ins and sends reminders to invited persons, who haven't contributed yet. An explanation for this behavior could be France high **Uncertainty Avoidance** of 86, while Germany has a score of 65. Donation-based crowdfunding platforms help users to reduce the risk of chasing after their money. Germans uncertainty avoidance can be observed in the success of campaigns with bloggers and influencer, whereby the publisher is observed as a reference point for followers and his or her opinion is considered as a trustworthy recommendation. In France, this marketing tool is less successful and people prefer to collect multiple opinions, for example through platforms such as Facebook groups, which indicates that one reference might be still too uncertain.

The constraint for online platforms is the reach-out to the full range of potential users. According to a study conducted by GfK and Deutscher Spendenrat (2017), people older than 70 years contribute 40% of the total amount of donations, which represent the largest group of regular donors. The motivation for their donations is coming from personally addressed letters or personal contact of organizations. Online platforms such as Leetchi do not offer in-person contact, further, all information are online and not physical (e.g. in form of a letter). In many cases, elderlies are inexperienced with new technologies and do not use online payment solutions, either crowdfunding platforms. Therefore, platforms such as Leetchi are not able to target a large group of possible donors.

Relation to personal information

As previously stated, cash is the preferred payment method of Germans. Besides historical and rational reasons, the protection of personal data is an additional cause. Payments by cash are not traceable unlike payments by card, which leads to anonymity and privacy. Germans

willingness of control includes private and personal data. The Harvard Business Review published in 2015 a survey which compared five references. Within this frame, it has been found out that Germans are the least cognizant about how companies use personal information. Yet they are the most anxious about their personal data and place the most value on it. 80% of Germans are reluctant to share their personal data online and want to protect their privacy. Especially information about health, identity, credit card and digital communication data are considered as sensitive (Morey et. Al, 2015). These results are in line with the findings of the Hofstede's cultural model. The German culture is characterized by **Individualism**, therefore, the protection of own personal data is in a higher position than in countries with a collectivist orientation, such as India and China. The cultural dimension has a score of 67 points (France: 71), which is common for Western countries.

Concerns about personal data are also reflected in the customer request. As seen in **Graph 2**, around 22.1% of German customer's inquiries, compared to 6.4% of French customer's inquiries are related to personal data. This is mainly due to the fact, that Leetchi is not offering the possibility for users to delete their profile by their own.

Besides the protection of personal information, an obstacle for publishing money pots has been overserved. The reason why many people do not share their created money pots with their personal surroundings or on social media is that they do not want to "lose face" when asking others for money for personal money pots. Donation-based crowdfunding has the aftertaste of "begging" in the view of many Germans and therefore it is often judged as a personal failure. With a relatively high score of 66 Germany is considered as a **masculine** country. Masculine values such as assertiveness and decisiveness are stronger than feminine values as empathy and modesty. Masculine countries determine achievements and success by being the best in a field. This characteristic might lead Germany to be one of the strongest economies in the world with a current GDP of \$3,979 trillion (CIA, 2016). It might also

encourage competitors in the crowdfunding industry to gain more expertise in order to achieve a leading position across Europe. Further, France is considered as a rather female country with 43 points which is symbolic that a dominant value in society is caring for others. Saying this, it can be explanatory why private money pots are more successful in France, where people might have more empathy for each other.

Measures to approaches challenges

Adaptions of German specifics in the example of Leetchi

When entering the German market in 2012 the French company Leetchi faced cultural challenges and therefore adapted some characteristics of their business practices, which will be analyzed by taking a closer look at following instruments: product, place, price, promotion.

A noticeable adaption in the company's **Product** portfolio has been made when Leetchi added the possibility to create public money pots, which are suitable for a larger range of audience. When Leetchi started in 2009 its main purpose was to provide a platform for private fundraising. Only by sharing the link directly to others provided access to a money pot. With the introduction of the option of public money pots in 2015, money pots can be found with search engines and at Leetchi's so-called "Discover"-Page [Appendix 6]. This is especially attractive for organizations, associations and people who want to collect donations instead of collecting money for a common expenditure. While this hadn't a great impact on the customer behavior in France it was a success criterion for the establishment in the German market. Customer understood the concept, which they already knew from other donation models. From then onwards Leetchi has found recognition in the German market and experienced an exceptional growth rate of 703% from 2015 to 2016.

Further adaption has been made in the language and the wording: the German page is displayed in German, while the French page is appearing in French. The German wording is more careful and serious, while the French wording is more casual. Before Leetchi expanded to Germany, the website was more playful and avatar graphics has been often used for

illustration. When starting operations in Germany, the company realized that customers expect more integrity from a financial service provider and the company's appearance (web page, landing pages, blog, emails) changed in a way that it can perform in all countries and inter alia avatar graphics has been reduced. The German culture is more restrained than the French, which is represented by an **Indulgence** value of 40 points, compared to 48, respectively. This reflects that desires and impulses are controlled. Strict social norms lead to a lower importance of leisure time and the control of gratification of desires.

In terms of making the products available to consumers, the company's web page is the main **Place**. To have a strong positioning on the internet Leetchi created friendly codes for Search Engine Optimization (SEO) from the very beginning. SEO keywords are implemented strategically behind the website and its landing pages to strengthen Leetchi's strengths, or to balance weaknesses. Therefore, SEO-keywords differ for all countries. For example, very successful money pots in Germany are such, which has been created because of calamity or due to diseases. Therefore, a landing page has been created for people who are searching for funding possibilities to cover related costs. Further, Leetchi has also country-specific affiliate partnerships, which place a link of Leetchi on their web page. While France has affiliate partnerships with companies which are dedicated to gifts such as vouchers, flowers, wine, etc., Leetchi Germany is also placed on the web pages of morticians, since money pots for funerals raise the highest amount of money on average [see **Appendix 4**]. A strategically right placement enables to strengthen the company's position in the market.

In terms of **Promotion**, some activities work better in France than Germany and vice versa. For example, E-Mail marketing, where people are directly contacted per e-mail is more successful in France. According to the country manager of Germany, an explanation could be, that Germans feel interrupted in their privacy when they get a message on their private e-mail account without requesting it. Thus, many customers reply aggressively and ask to be

removed from the distribution list. Further, promotion on Facebook is working better in France, where the Leetchi-Facebook site offers a platform for users to exchange opinions and advice. In comparison, German customers are rather influenced by inconspicuous advertising, for example in form of blog posts and influencer marketing. Within blogger campaigns, companies ask bloggers for a paid review on their Blog, while at influencer marketing popular persons are asked to present a product/service. Followers of a blog/ an influencer usually trust in the opinion of the presenter and consider advice helpful, whereby for French people, where the Uncertainty Avoidance is higher, one opinion is often not sufficient and they prefer to exchange opinions with several users.

In terms of **Price**, there is no differentiation for French or German customers: the fee for a transaction to a bank account is either 2.9% or 4%. Noticeable is, that Germans are more price sensitive and expect a good price-performance ratio, according to the manager of Leetchi Germany. Price is often a purchasing criterion, which explains why Germans decide not to use Leetchi for reasons such as welfare or birthday gifts when they can collect money without fees. While this service has value for French clients, German need to be further persuaded. Crowdfunding platforms need to highlight their service. In the example of Leetchi, this could be the free request of vouchers from partner shops, the overview of collected money and participants and the quick and efficient online use.

The web pages differ in the payment methods. The French page is offering 3 different payment tools: Visa- and MasterCard and cardholders of the French bank Crédit Mutuel Arkéa. Due to the fact, that Credit cards are not one of the main payment tools in Germany, Leetchi Germany needed to add further payment tools: electronic direct debiting (Elektronisches Lastschriftverfahren) and immediate transfer tools (so called Sofortüberweisung and Giropay), to enable customers without a Master or Visa card to participate. Nonetheless, many customers complain that payments can be only done online

and request to add an option for money transfers which can be done at the bank counter. Leetchi is not offering this option due to the technical complexity for correct allocation of the money. Nonetheless, fulfilling the demand could create a greater customer base and especially target elderly, who are not used to online-banking but willing to donate.

Customer education

While the adaption of a company's strategy and practices is one important approach to face a specific culture, another pivotal approach is to educate customers. As stated, the term crowdfunding has not completely been understood in Germany, whereby not only the term itself but also the purpose face discrepancies in understanding. Therefore, many related web pages dedicated a part of their site for clarification. Crowdfunding.de and crowdfundinghub.eu collect information, studies and news about crowdfunding and its development to inform and educate customers. Further, most crowdfunding platforms have an introductory video, such as GoFundMe and Leetchi. The latter also created webinars to provide answers to frequently asked questions. When one creates an account on Leetchi, an email with advice and information will be sent to help users to create a successful private crowdfunding. As Graph 3 shows, the main reasons for unsuccessful money pots are that 44% of users mistakenly believe strangers would participate, without encouraging their circle of acquaintances. As observed from customer inquiries, this has mainly two reasons. First, customers haven't understood the concept of private crowdfunding, as noted before. Second, it is difficult for users to share their money pot with their circle of acquaintances friends, due to the bad image of begging and the anxiety of a judgmental observation of others. In fact, 3% of users request to use a pseudonym for their Leetchi-Account, because they don't want to be discovered by their acquaintances. For that, an important mission of the branch is to shape the role of crowdfunding in society. People should be encouraged to ask for help through crowdfunding since it can be a chance to achieve an aim. Therefore, successful examples could be strategically placed in the foreground, for instance, Steffen, who raised 85 thousand

Euros at Leetchi within 3 days to fund his cancer treatment (Leetchi, 2016). On a broader scope, companies could cooperate with other institutions for the purpose of education and transformation of customer perception, such as the government, especially the BaFin, schools and universities, as well as banks.

Awareness of customer data

As mentioned before, Germans are the least cognizant about how companies use personal information. Reason for this might be, that many companies do not give detailed information when collecting data from their customers. The lack of information can be also seen at Leetchi. When creating an account, users have to fill a form with name, address and e-mail address. Further, according to the General terms and conditions, the company can require more information, such as the copy of ID-card, occupation, bank statement, bills, etc. when needed. This is part of the KYV-process (Know Your Customer), which has been introduced by the European Union to prevent that Financial Service Provider support illegal activities such as money laundering and terrorism (PWC, 2015). Users are often not informed about these regulations and believe collected data is used for companies benefits and react skeptically. In order to change this attitude, companies, such as Leetchi, should clarify their amenability to the law, while adding explanations why specific data is needed, how it is used and where / how long it is stored before it will be removed. Open and clear communication can increase customer trust. Customers should be able to get information about their data at any time. Ideally, professionals for privacy should be involved who can identify the right approach for a company and act as a responsible contact person for customers.

The attention of customer data also involves its security. Saying this, companies who collect customer data need to ensure that given information and uploaded documents will be safely stored. This involves any sort of communication, e.g. sent emails should be encrypted. Employees, especially ones who are in contact with customers, need to pay high attention to given information and the security of personal data. Data should not be provided to third

parties. Having a high standard of security of personal data and communicating it correctly can increase users trust and gain a competitive advantage. Many companies, such as Leetchi offer only a minimum in security, whereby German customer demand more attention for sensitive data. A good example for privacy and data security is Microsoft, which includes most of the above-mentioned measures and employs one of the largest group of certified privacy professionals (Microsoft, 2016).

Conclusion

When operating in Germany as a donation-based crowdfunding platform, companies need to adapt some characteristics to face challenges. Due to their history, Germans deal differently with money than many other western countries and have a strong cash preference, which makes it hard for online platforms to operate in a market, where especially elderly are willed to contribute. Further, many are skeptical about new technologies, which could be due to a lack of understanding the concept of crowdfunding. This conclusion has been reached through studies conducted at the company Leetchi, which underlined that users still have many doubts about the involvement of the crowd and do not understand their own role in fundraising. These challenges need to be approached by the branch as an entity, ideally, with the involvement of institutions such as the government and universities. Additionally, online platforms such as Leetchi need to increase their awareness for protection and storage of customer data, since it might play a key role for competitive advantage and regulations for Big Data will be stricter in the future. An important topic for the French company as well, since questions about personal data is the main customer inquiry of German users.

Experts believe that the global crowdfunding market size will triple to \$96bn in 2020 compared to 2015 (Crowdexpert, 2016). Further, the German business newspaper Handelsblatt (2016) stated that Germans are more willing to switch from traditional banking services to innovative FinTech solutions according to a representative survey. Until 2020

every third German can imagine settling transactions by Fintech's, which also involves a reduction in cash transactions. Coupled with the fact that donations in Germany have steeply grown by 36.7% to €5.4mn from 2006 to 2016, the outlook for the growth of the industry is positive and remains attractive.

As mentioned, the literature of donation-based crowdfunding is still embryonic. The work project aimed to take a closer look into cultural challenges in the German market, especially applicable in the case of Leetchi. Yet, not all findings might be applicable to the entire donation-based industry in the German market, due to the customized methodology. Therefore, the suggestion of future research includes a broader study of several companies with similar profiles as Leetchi's. Other interesting investigations would be the German donation-based crowdfunding market compared to other geographic areas, for example, UK or the US, where crowdfunding is already a well-established funding possibility. Moreover, it should be highlighted that the fast-paced market needs further research and observations in the future since Data Policies are a currently important political discussion, the competition is increasing rapidly and banks might take an important role. Yet, an adaption of cultural characteristics is needed when operating in specific markets and can empower companies to remain attractive in the long-run.

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